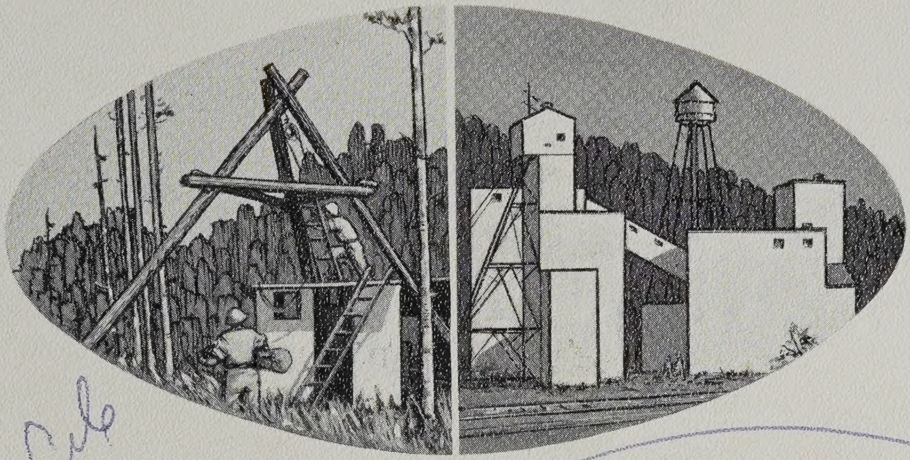
7th ANNUAL REPORT

for the year ended December 31, 1967



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MACASSA GOLD MINES LIMITED

including a copy of the Annual Report of

RENABIE MINES LIMITED

and

MILTON QUARRIES LIMITED

ASSOCIATE THE LITTLE LONG LAC GOLD MINES LIMITED

MACASSA GOLD MINES LIMITED

DIRECTORS AND OFFICERS:

JOHN D. BRYCE, *President and Director*
TORONTO, ONTARIO.

R. C. STANLEY, JR., *Vice-President and Director*
NEW YORK, N.Y.

JOHN C. L. ALLEN, *Director*
TORONTO, ONTARIO.

P. A. ALLEN, *Director*
TORONTO, ONTARIO.

P. K. HANLEY, *Director*
TORONTO, ONTARIO.

C. C. HUSTON, *Director*
TORONTO, ONTARIO.

M. R. MACPHERSON,
Mine Manager and Director
KIRKLAND LAKE, ONTARIO.

A. G. WILSON, *Secretary-Treasurer*
TORONTO, ONTARIO.

D. M. LORIMER, *Comptroller*
TORONTO, ONTARIO.

TRANSFER AGENT AND REGISTRAR:
NATIONAL TRUST COMPANY, LIMITED,
TORONTO, ONTARIO.

AUDITORS:
THORNE, GUNN, HELLIWELL & CHRISTENSON
TORONTO, ONTARIO.

ANNUAL MEETING:
April 26th, 1968, 10:00 A.M., Toronto Time
Boardroom, Suite 400, 112 King Street West, Toronto

PRESIDENT'S REPORT

To the Shareholders of
MACASSA GOLD MINES LIMITED

Your directors submit herewith the Seventh Annual Report of your company for the year ended December 31, 1967 comprising of the report of the mine manager, financial statements, and the auditors' report thereon.

You will note from the Statement of Income and Retained Earnings that the operating profit at the mine increased in 1967 to $234,522 compared to $194,914 for 1966, this despite the fact that approximately 16% less ore was treated in 1967 than in 1966. The lower tonnage was due entirely to the lack of sufficient skilled and unskilled labor. However, other income was considerably less in 1967, being $137,398 as compared to $273,692 in 1966. This was due to the lack of dividends from Renabie Mines Limited, which totalled $160,001 in 1966. Thus the net profit for 1967 totalled $333,648 as compared to $420,491 in 1966.

In the spring of 1967, the directors of your Company — after having paid a dividend of five cents a share in the first quarter of the year — felt it necessary to suspend payments of dividends as it was evident the company was paying these out of capital rather than current earnings. They stated at that time they would continue to pay out 60% of earnings in the form of dividends. However, at year end it was found that this additional amount would be less than one cent a share. It was thus felt that in future dividends would have to be on an intermittent basis, depending on the earnings of the Company.

You will note from the mine manager's report that work has started on the new levels. At the year end none of these had been advanced far enough to enter the favorable ore zones.

The Company continued to suffer from a shortage of skilled and unskilled labor and the ever increasing pressure of increased wages. It is hoped that in 1968 the labor situation may be alleviated somewhat.

Your Company continued to examine outside properties which were offered to it, but nothing of economic interest was turned up this year.

Since your Company continues to hold a majority of the issued shares of both Renabie Mines Limited and Milton Quarries Limited, the annual reports of both those companies for 1967 are included.

We are glad to take this opportunity of expressing our appreciation for the way in which Mr. MacPherson, his staff, and employees conducted the operation during the past year.

On behalf of the Board

JOHN D. BRYCE,
President.

March 29, 1968

MACASSA GOLD MINES LIMITED

AUDITORS' REPORT

To the Shareholders of
Macassa Gold Mines Limited

We have examined the balance sheet of Macassa Gold Mines Limited as at December 31, 1967 and the statements of income and retained earnings, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving effect in that year to the change which we approve, in accounting practice as explained in note 5 to the financial statements.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada
January 24, 1968

MACASSA GOLD

(Incorporated unde

Balance Sheet –

(with comparative figure

ASSETS

	1967	1966
CURRENT ASSETS		
Cash	$ 11,884	$ 31,965
Short term deposits	949,337	945,000
Bullion, at net realizable value	180,914	195,271
Marketable securities, at cost (quoted market value, 1967 $714,775; 1966 $824,800)	599,038	618,787
Accounts receivable	1,646	8,602
Amount receivable under the Emergency Gold Mining Assistance Act	241,711	89,074
Prepaid expenses	4,212	14,228
Supplies, at average cost	216,721	204,018
	2,205,463	2,106,945
INTEREST IN OTHER COMPANIES (note 2)	2,354,211	2,627,382
FIXED ASSETS, at cost		
Buildings, machinery and equipment	506,571	486,103
Less accumulated depreciation	183,359	147,087
	323,212	339,016
Mining properties, Kirkland Lake Area, Ontario	1,631,852	1,631,852
Gravel pit property — County of Halton, Ontario	150,300	150,300
	2,105,364	2,121,168
OTHER ASSETS	106,727	102,691
	$6,771,765	$6,958,186

MINES LIMITED

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ecember 31, 1967

December 31, 1966)

LIABILITIES

	1967	1966
Current Liabilities		
Accounts payable and accrued liabilities	$ 198,086	$ 193,312
Taxes payable	6,230	3,940
	204,316	197,252
Shareholders' Equity		
Capital stock		
Authorized — 4,000,000 shares of $1 each		
Issued — 3,043,664 11/15 shares	3,043,665	3,043,665
Contributed surplus	1,566,812	1,566,812
Retained earnings	1,956,972	2,150,457
	6,567,449	6,760,934
	$6,771,765	$6,958,186

Approved on behalf of the Board:

JOHN D. BRYCE, Director.

R. C. STANLEY, Jr., Director.

MACASSA GOLD MINES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

Year Ended December 31, 1967
(with comparative figures for 1966)

	1967	1966
Operating Revenue		
Bullion recovery	$1,824,218	$2,062,733
Assistance under the Emergency Gold Mining Assistance Act	443,603	300,000
Rental of mine and mill assets		2,354
	2,267,821	2,365,087
Operating Expenses		
Mine development	200,647	387,261
Mining	1,043,414	1,040,958
Milling	308,266	332,616
Marketing expenses	14,772	15,659
Mine office and supervision	62,271	60,038
General expenses at the property	314,447	237,738
Administrative and corporate expenses	88,982	92,703
Ontario mining tax	500	3,200
	2,033,299	2,170,173
Operating profit, before providing for depreciation	234,522	194,914
Deduct		
Depreciation	36,272	38,028
Outside exploration, net	2,000	10,087
	38,272	48,115
	196,250	146,799
Other Income		
Dividends from Renabie Mines Limited		160,001
Income from investments	119,992	119,634
Bicroft Division, net (sale of fixed assets and supplies less shut down expenses)	1,834	(6,246)
Income on lease of gravel pit	15,572	303
	137,398	273,692
Net income for the year (notes 4 and 5)	333,648	420,491
Retained earnings at beginning of year	2,150,457	2,329,436
	2,484,105	2,749,927
Deduct		
Dividends paid	152,183	608,733
Loss on investments sold — 1967 (note 5)	45,644	
Shares in subsidiary company written down to nominal value	329,306	
	527,133	608,733
	1,956,972	2,141,194
Add gain on investments sold — 1966 (note 5)		9,263
Retained earnings at end of year	$1,956,972	$2,150,457

MACASSA GOLD MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1967

(with comparative figures for 1966)

	1967	1966
Source of Funds		
Net income for the year	$ 333,648	$ 420,491
Add back depreciation and other items not involving cash outlay	36,272	53,076
Funds from operations	369,920	473,567
Payment on advances to subsidiary companies	34,335	
Sale of shares in associated companies	13,541	15,815
Sale of shares in a subsidiary company	9,990	
Other items, net	(2,831)	21,247
	424,955	510,629
Application of Funds		
Purchase of machinery and equipment	20,468	25,223
Dividends paid	152,183	608,733
Purchase of shares in associated companies	47,500	
Purchase of shares in subsidiary companies	112,146	25,000
Advances to subsidiary companies		304,268
Special refundable tax	1,204	18,496
	333,501	981,720
Increase (decrease) in working capital	91,454	(471,091)
Working capital at beginning of year	1,909,693	2,380,784
Working capital at end of year	$2,001,147	$1,909,693

MACASSA GOLD MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1967

1. Subsidiary Companies

The financial statements of two of the subsidiary companies, Renabie Mines Limited and Milton Quarries Limited, have not been consolidated with those of the parent company as it is considered more informative to present separate financial statements of these companies.

The company's proportion of the loss less profit of Renabie Mines Limited and Milton Quarries Limited for 1967 amount to $147,444 (profits less losses for 1966 $92,901) and its proportion of the aggregate undistributed profits earned since acquisition of their shares amounts to $330,823, no part of which has been taken into the financial statements of the parent company.

The financial statements of the other subsidiary companies, Jerd Petroleums Limited in 1967 and Jerd Petroleums Limited and Logjam Silver Mines Limited in 1966, have not been consolidated with those of the parent company.

At December 31, 1966 all of the expenditures of Jerd Petroleums Limited had been deferred and its accounts showed neither profit nor loss. At December 31, 1967 all of the expenditures of Jerd Petroleums Limited have been written off to deficit and its shares, on the books of Macassa, have been written down to a nominal value.

2. Interest in Other Companies

	1967	1966
Subsidiary companies		
Shares, at cost or nominal value		
Renabie Mines	$ 482,151	$ 370,005
Milton Quarries	411,249	411,249
Jerd Petroleums	1	329,307
Logjam Silver Mines		1
	893,401	1,110,562
Advances	767,933	802,268
	$1,661,334	$1,912,830
Associated Companies		
Shares, at cost (quoted market value 1967 $96,500; 1966 $61,000)	$ 70,410	$ 92,085
Debentures, at cost	450,000	450,000
Advances	161,056	161,056
	681,466	703,141
Other Companies		
Shares, at cost	11,411	11,411
	$2,354,211	$2,627,382

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1967

3. Other Statutory Information

Direct remuneration in 1967 of the company's directors and senior officers (including the five highest paid employees) as required by The Corporations Act was as follows:

	From Macassa Gold Mines Limited	From Unconsolidated Subsidiary Companies
Directors and officers	$ 37,200	$ 12,200
Mine employees	41,595	Nil
Total	$ 78,795	$ 12,200

4. Income Taxes

No provision for income taxes is required for 1966 and 1967 as the company claims against the taxable portion of its income a portion of preproduction expenditures written off in prior periods.

5. Change in Accounting Practice

In 1967 the company adopted the practice of reporting the gains or losses on sale of investments in retained earnings rather than in the net income for the year. The 1966 comparative figures have been restated to reflect this change in practice.

MINE MANAGER'S REPORT

Mr. John D. Bryce, President,
and Directors,
Macassa Gold Mines Limited,
Suite 400,
112 King St. West,
Toronto 1, Ontario.

Kirkland Lake, Ontario,
February 15, 1968.

Gentlemen:

This report on operations of the Macassa Division for the year ended December 31, 1967 with comparative figures is submitted for your consideration.

PRODUCTION:

	1967	1966	1965
Gross	$ 1,824,218	$ 2,062,733	$ 2,192,785
Tons Milled	108,331	130,133	129,536
Recovery per Ton	$16.84	$15.85	$16.93
Tons Milled Tegren	Nil	776	7.255

Average prices received per Troy ounce gold and silver, in Canadian funds were $37.77 and $1.66. Prices were $37.72 and $1.39 in 1966.

Estimated assistance under the Gold Mining Assistance Act is $443,603. For 1966, this was $300,000.

MILLING:

The plant milled 108,331 tons of ore which gave a calendar day average of 296.8 tons. Total recovery was 94.3%. The previous year's figures in these categories were, 130,909, 358.7 and 93.2%.

No changes in the ore were apparent, higher extraction was due to finer grind and changes in thickener practise to obtain more exposure to ground products.

Bullion recovery comprised 47,948 Troy ounces of gold and 8,080 Troy ounces of silver.

Since the commencement of milling operations in 1933, 4,184,232 tons of ore have been milled from which 1,755,993.43 ounces of gold and 281,643.37 ounces of silver have been extracted. Total value amounts to $63,710,408.60 equivalent to $15.23 per ton.

Tailings were turned into the Lake Shore Mill, but at higher tonnages their excessive soluble losses were experienced and the practice had to be discontinued. No income from this source was obtained in 1967.

DEVELOPMENT:

Macassa personnel completed installations on the No. 2 Winze deepening making four new levels available for development. Work on these levels is shown below.

New Level	Drifting	Crosscutting	Waste Pass	Ore Pass
6300	255	241	—	—
6450	81	222	None	Complete to 63 level
6575	655	192	None	Complete to 64 "
6725	46	175	Complete to 65 level	Complete to 65 "
6725 Loading Pocket			Complete	Complete

All the drifting shown above is on the '04 break. At this time the 6300′ and 6450′ Levels are being driven as rapidly as possible west to get to favourable areas for ore. Work on the waste pass system has been halted to use crews for development of downward extensions of known veins for sub level development, and to allow installation of permanent ventilation equipment.

For 1967, a total of 258 lineal feet of new ore grading 0.46 ounces per ton over an average width of 6.5 feet was developed. This is made up of ore shoots on the 5025′, 6025′ and 6150′ levels.

DEVELOPMENT SUMMARY:

Year	Sinking	Sinking Equivalent	Drifting	Crosscutting	Raising	Diamond Drilling
1967	—	8′	2,682.5′	1,303.5′	1,567′	8,326′
1966	574′	172.5′	3,035.5′	1,651.5′	1,224.5′	14,588′
1965	—	—	4,701.5′	733.5′	1,363′	14,155′
Mine to date	11,863′	1,469′	194,374.5′	60,239′	39,867′	481,446′

ORE RESERVES:

The position of the ore reserves based on sampling, diamond drilling and extension of known veins from stoping operations is:

	Tons	Ounces of Gold Per Ton	Value at $35.00 Per Troy Ounce
Unbroken Ore	510,200	0.434	$15.16
Broken Ore	29,545	0.369	12.90
Total Reserve	539,745	0.43	$15.07

NOTE: (1) Dilution factor of 10% applied to grade only.
(2) Classed as inaccessible and not included in above calculations 20,300 tons grade 0.35 ounces per ton.

Change in position for the year 1967

Unbroken ore is down	69,400 tons
Broken ore is up	2,461 tons
Total reserve is down	66,939 tons

MINING:

Stopes produced 101,641 tons of ore for milling and 69% of this was obtained from filled and/or timbered working places. A total of 26,881 tons of back fill was placed. Mining in ore zones has been continued on a predetermined sequence basis to try to eliminate rock bursting.

Low tonnage milled shows the direct effect of the 40 hour week which was expected to cost about 1,000 tons per month, due to depth and 3 stage hoisting.

The operations were severely effected by chronic labour shortage and payroll turnover in the mine.

For the first six months of the year a program of mining out remnants of good grade ore was undertaken which resulted in higher heads. After August 1st this work was completed and grade fell off.

Several attempts at recruiting and advertising were tried, however, competition from base metal mines was very intense. A training scheme was set up but did not function due to lack of trainees. These measures are being continued, and changes in Immigration Policy may help to attract suitable candidates for permanent employment.

WATER CONTROL:

All piping has been completed. At this time Macassa is the only mine operating on the Kirkland Lake Break. It is expected that the pumping system will have to be started this spring.

The water has risen to above our 4,758′ level in adjacent workings on the east boundary and is above 19 levels of the mine.

OPERATING COSTS:

	1967		1966	
	Tons Milled	Ozs. Produced	Tons Milled	Tons Produced
	108,331	47,948	130,133	54,328
	Cost Per Ton	Cost Per Ounce	Cost Per Ton	Cost Per Ounce
Development	$ 2.197	$ 4.964	$ 3.353	$ 8.328
Mining	11.442	25.851	9.018	21.601
Milling	3.434	7.759	2.915	6.982
Undistributed Mine Operating Expense	.870	1.966	0.669	1.603
	$ 17.943	$ 40.540	$ 15.955	$ 38.217
Add:				
Depreciation	.334	.756	0.292	0.700
Ontario Mining Tax	.085	.192	0.025	0.059
Head Office Administration	.799	1.806	0.745	1.785
	$ 19.162	$ 43.294	$ 17.017	$ 40.761

MAJOR OPERATING EXPENDITURES:

	1967	1966
Wages and Salaries	$ 1,218,096.76	$ 1,285,640.24
Supplies and Services	558,983.00	685,112.00
Power (Hydro)	104,693.22	111,548.17

CAPITAL EXPENDITURES:

The total spent on Capital Account for the year was $20,468.

Major amounts in this account included $4,500 for a used 24 x 15 Superior Jaw Crusher, $2,590 for one spare bucket and 1 set fo split bronze bushings for shaft of aluminum cage and skip, $800 for one used double drum slusher and $3,639 for new ore cars.

ACKNOWLEDGEMENT:

The loyal and efficient work of the staff, co-operation of the employees and the support of the President and Board of Directors, throughout the year, are gratefully and sincerely acknowledged.

Respectfully submitted,

M. R. MacPHERSON, P.Eng.,
Mine Manger.

Twenty-Seventh Annual Report

RENABIE MINES LIMITED

Year Ended December 31, 1967

HEAD OFFICE:
Suite 400, 112 King Street West,
Toronto 1, Ontario.

MINE OFFICE:
Renabie, Ontario.

OFFICERS:

JOHN D. BRYCE, *President*
Toronto, Ontario

R. C. STANLEY, JR., *Vice-President*
New York, N.Y.

A. G. WILSON, *Secretary-Treasurer*
Toronto, Ontario

D. M. LORIMER, *Comptroller*
Toronto, Ontario

DIRECTORS:

JOHN C. L. ALLEN	Toronto, Ontario
P. A. ALLEN	Toronto, Ontario
J. D. BRYCE	Toronto, Ontario
P. K. HANLEY	Toronto, Ontario
C. C. HUSTON	Toronto, Ontario
ROBERT C. STANLEY, JR.	New York, N.Y.

W. A. MOORE, *Mine Manager*
Renabie, Ontario.

TRANSFER AGENT AND REGISTRAR:

CANADA PERMANENT TRUST COMPANY
Toronto, Ontario.

AUDITORS:

THORNE, GUNN, HELLIWELL & CHRISTENSON
Toronto, Ontario.

ANNUAL MEETING:

April 26th, 1968, 9.30 A.M., Toronto Time,
Boardroom, Suite 400, 112 King Street West, Toronto.

PRESIDENT'S REPORT

To the Shareholders of
RENABIE MINES LIMITED

We present herewith the Twenty-seventh Annual Report of your Company, for the year ended December 31, 1967, together with accompanying financial statements and the report of your auditors thereon.

During the period, the mill treated 171,729 tons of ore, slightly more than in 1966, from which was recovered bullion having a gross value of $1,273,591, to which may be added the estimated amount receivable under the provisions of The Emergency Gold Mining Assistance Act, $340,500, making a total income derived from the operation $1,614,091 as compared to $1,758,550 in 1966.

Operating costs were $1,564,742, approximately $182,000 above those in 1966. Part of the increase in these costs was because the Company was obligated to hire contractors to do its development work due to the continuing shortage of skilled workers. The Company continues to suffer from an acute shortage of labor, with a resultant loss in over-all efficiency and lower tonnage treated and higher unit cost per ton. Because of its isolated location, the Company suffers more severely than most in this regard, the labor turnover in 1967 being equal to approximately 300% of the total working force. It is hoped the labor supply situation will be eased somewhat this year.

The higher costs and lower grade of ore treated resulted in a net loss for the year of $188,352 compared to a net profit of $163,146 in 1966. Every effort is being made to reduce costs and to increase the tonnage and grade of ore. Ore reserves remain practically the same as a year ago.

It is anticipated that lateral development of the 2900 level will reach the ore zone by the end of 1968.

It was necessary for the directors last year to suspend dividends payable by the Company and these will not be renewed until the earnings of the company warrant it.

The report of your mine manager contains a review of the operations for the year, and we are glad to take this opportunity of expressing our appreciation for the excellent manner in which Mr. Moore and his staff have conducted their operations under such severe conditions.

On behalf of the Board,

JOHN D. BRYCE,
President.

March 29, 1968.

MANAGER'S REPORT

January 16th, 1968.

Mr. John D. Bryce, President,
and Directors,
Renabie Mines Limited,
Toronto, Ontario.

Gentlemen:

I submit for your consideration a report on operations at Renabie Mines Limited, for the year ended December 31st, 1967:

Production: The following figures show the production for 1967 with comparable figures for 1966 and 1965:

	1967	1966	1965
Gross Recovery	$1,273,591	$1,467,050	$1,430,817
Tons Milled	171,729	162,580	165,018
Recovery Per Ton	$7.42	$9.02	$8.67

The average Mint Settlement value per ounce of gold was $37.77 compared to $37.71 in 1966. The average price for silver was $1.70 per ounce. Under the provisions of the Emergency Gold Mining Assistance Act, it is estimated that the Company is entitled to receive $340,500 for the year, which is $1.98 per ton milled, or $10.27 per ounce recovered, compared to $291,500 for 1966.

Milling: The average tons milled per day in 1967 was 470 compared to 445 in 1966. Bullion recovery comprised 33,185.56 ounces of gold and 11,961.82 ounces of silver.

From the commencement of milling operations (July 1947) 3,323,394 tons of ore have been milled, from which has been recovered 691,614 ounces of gold and 220,212 ounces of silver, having a gross recovered value of $25,256,717 equivalent to $7.60 per ton milled, exclusive of cost-aid.

The only change made to the mill circuit was to improve the operation of the cyclones. The recovery at 93.5% was lower than the 93.8% in 1966.

The engineers at the Extraction Branch, Dept. of Energy, Mines and Resources have been working with our Mill Superintendent to plan a system to feed cyanide and lime automatically which it is estimated will achieve some economies in chemicals used. The flotation circuit will also be improved. In addition, test work has already started to determine a better method of treating the flotation concentrate, which contains tellurides.

There were two changes of Mill Superintendents during the year, with Mr. Larry Kartio being the present official. Grinding operators are being trained at the rate of 21 per year.

Development: It was necessary to engage a contractor to do the raising needed for both stope preparation and development. Approximately 50% of the ore and waste pass system is completed from the 3300 loading pocket to the 2800 level.

During the year we completed the stope preparation of the ore on the 2475 level and started preparing the ore on the 2625 level. A total of 111,500 tons was prepared for mining in 1967, compared to 101,000 tons in 1966.

The total ore reserves were 288,345 tons with a grade of 0.21 ounces per ton compared to 272,591 tons of 0.23 ounces in 1966.

We have prepared a block of ore of 57,000 tons for longhole sub-level mining and expect to be able to mine this for lower costs than we could by conventional shrinkage stoping. We intend to use this method wherever possible.

The following figures compare development footage for 1967 and 1966:

	1967	1966	Total to Date
Drifting	1,916	1,505	44,671
Crosscutting	452	1,059	21,942
Raising	1,634	783	28,853
Shaft Sinking	0	208	3,906
Station Cutting (Shaft Equiv.)	0	258.1	2,356
Diamond Drilling	15,429	13,357	300,887

Ore Reserves: The position of ore reserves at the year end after allowing for dilution and without including any ore below the 2625 level was as follows:

	Tons	Ounces Per Ton	Value $35.00 Gold
Unbroken Ore	262,014	0.209	7.32
Broken Ore	26,331	0.201	7.00
TOTAL	288,345	0.208	7.29

Operating Costs: The operating and other costs per ton and per ounce of gold recovered were as follows:

	1967		1966	
	Tons Milled	Ozs. Recovered	Tons Milled	Ozs. Recovered
	171,729	33,185.56	162,580	38,387.39
	Per Ton	Per Ounce	Per Ton	Per Ounce
Development and Exploration	$ 2.07	$10.69	$ 1.80	$ 7.63
Mining	4.19	21.69	4.14	17.54
Milling	2.60	13.46	2.36	10.00
Undistributed Operating Charges including Administration and Head Office	.94	4.89	1.01	4.28
Operating Costs	$ 9.80	$50.73	$ 9.31	$39.45
Depreciation	.59	3.04	.71	3.00
Provision for taxes	.05	.28	.08	.31
	$10.44	$54.05	$10.10	$42.76

A comparison of Capital Expenditures for 1967 and 1966 is as follows:

<table>
<tr><th></th><th>1967</th><th>1966</th></tr>
<tr><td>Underground Equipment</td><td>$ 8,810</td><td>$ 58,566</td></tr>
<tr><td>Mill Equipment</td><td>10,038</td><td rowspan="2">49,728</td></tr>
<tr><td>Surface Equipment</td><td>21,237</td></tr>
<tr><td>New Buildings</td><td>31,419</td><td>152,750</td></tr>
<tr><td>Total</td><td>$71,504</td><td>$260,044</td></tr>
</table>

Labour: There were 518 hirings and 522 separations in 1967 compared to 490 hirings and 498 separations in 1966.

In 1967 using the Dept. of Labour's On-The-Job Training Plan, we had the following results:

Total enrolment	66
Total graduated	29
Total quits	54
Remaining	12
The Ontario Government's share of the cost	$ 6,291.01
Renabie's share of the cost	13,749.97

General: We had 3 misfortunes during the year that caused serious interruption to milling; an accident in the shaft that damaged some timber and delayed the mill for 43 hours; The Great Lakes Power Company had to cut off our power for 24 hours in late November in order to instal some new poles, thereby delaying milling; and the grouting and some concrete under the jaw crusher had to be replaced in December, which interrupted milling for 66 hours. There was a total of 90 hours milling time lost due to power interruptions.

I am greatful to the Officers of the Company for their support during the past year. The cooperation of the Mine Staff and Employees is sincerely acknowledged.

Respectfully submitted,

RENABIE MINES LIMITED,

W. A. MOORE,
Manager.

AUDITORS' REPORT

To the Shareholders of
Renabie Mines Limited

We have examined the balance sheet of Renabie Mines Limited as at December 31, 1967 and the statements of income and retained earnings, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada,
February 16, 1968.

RENABIE MI

(Incorporated unde

Balance Sheet -

(with comparative figure

ASSETS

	1967	1966
Current Assets		
Cash	$ 12,296	$ 9,781
Bullion, at net realizable value	102,146	104,580
Accounts receivable	14,314	81,804
Loan to affiliated company	230,000	
Amount receivable under the Emergency Gold Mining Assistance Act	129,260	166,997
Prepaid expenses	6,514	11,939
Supplies, at average cost	284,902	293,096
	779,432	668,197
Interest in Other Companies		
Loan to affiliated company		230,000
Shares in affiliated company, at nominal value in 1967 (cost in 1966)	1	60,263
	1	290,263
Fixed Assets, at cost		
Buildings, machinery and equipment	3,227,850	3,165,957
Less accumulated depreciation	2,738,971	2,646,405
	488,879	519,552
Mining properties	77,112	77,112
	565,991	596,664
Other Assets and Deferred Charges		
Shaft sinking and other operating expenditures deferred less amounts written off	113,510	182,891
Special refundable tax	9,348	11,920
	122,858	194,811
	$1,468,282	$1,749,935

NES LIMITED

e laws of Ontario)

ecember 31, 1967

December 31, 1966)

LIABILITIES

	1967	1966
Current Liabilities		
Accounts payable and accrued liabilities	$ 152,018	$ 181,492
Payable to parent and associated companies	160,506	163,560
Ontario mining tax		511
	312,524	345,563
Shareholders' Equity		
Capital stock		
Authorized — 1,500,000 shares of $1 each		
Issued — 1,050,005 shares	1,050,005	1,050,005
Less discount on shares	620,455	620,455
	429,550	429,550
Retained earnings	726,208	974,822
	1,155,758	1,404,372
	$1,468,282	$1,749,935

Approved on behalf of the Board:

JOHN D. BRYCE, Director.

R. C. STANLEY, Jr., Director.

STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended December 31, 1967
(with comparative figures for 1966)

	1967	1966
Operating Revenue		
Bullion recovery	$1,273,591	$1,467,050
Assistance under the Emergency Gold Mining Assistance Act	340,500	291,500
	1,614,091	1,758,550
Operating Expenses		
Mine development	153,360	124,006
Mining	606,946	561,947
Milling	366,295	308,347
Marketing expenses	10,298	11,972
Mine office and supervision	102,173	95,317
General expenses at the property	289,359	238,208
Administrative and corporate expenses	36,121	42,444
Ontario mining tax	190	500
	1,564,742	1,382,741
Operating profit, before providing for depreciation	49,349	375,809
Deduct		
Depreciation	100,900	115,000
Proportion of shaft sinking expenditures written off	145,927	120,467
Outside exploration	58	900
	246,885	236,367
	(197,536)	139,442
Interest received, net	9,184	23,704
Net income (loss) for the year	(188,352)	163,146
Retained earnings at beginning of year	974,822	1,021,677
	786,470	1,184,823
Deduct		
Dividends paid		210,001
Shares in affiliated company written down to nominal value	60,262	
Retained earnings at end of year	$ 726,208	$ 974,822

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1967
(with comparative figures for 1966)

	1967	1966
Source of Funds		
Net income (loss) for the year	$ (188,352)	$ 163,146
Depreciation and other items not involving cash outlay	246,827	236,467
Funds from operations	58,475	399,613
Reduction of loan to an affiliated company	230,000	170,000
Disposal of fixed assets	1,277	52,811
Special refundable tax	2,572	
Other items		1,681
	292,324	624,105
Application of Funds		
Shaft sinking expenditures	76,380	166,036
Additions to fixed assets	71,504	261,044
Special refundable tax		11,920
Dividends paid		210,001
Other items	166	
	148,050	649,001
Increase (decrease) in working capital	144,274	(24,896)
Working capital at beginning of year	322,634	347,530
Working capital at end of year	$ 466,908	$ 322,634

NOTES TO FINANCIAL STATEMENTS

1. Other Statutory Information

Direct remuneration in 1967 of directors and senior officers (including the five highest paid employees) as required by The Corporation Act was as follows:

Directors and Officers	$ 12,200
Mine Employees	46,642
Total	$ 58,842

2. Comparative Figures

For comparative purposes, certain 1966 items have been reclassified on the same basis as is used for statement presentation for 1967.

MILTON QUARRIES LIMITED

Report

December 31st, 1967

HEAD OFFICE
Suite 400, 112 King St. West
Toronto, Ontario.

QUARRY OFFICE
Milton, Ontario.

DIRECTORS:

JOHN D. BRYCE, *President*
Toronto, Ontario.

P. A. ALLEN
Toronto, Ontario

JOHN C. L. ALLEN, *Vice-President*
Toronto, Ontario.

P. K. HANLEY
Oakville, Ontario.

C. A. POYNTON
Milton, Ontario.

A. GEORGE WILSON, *Secretary-Treasurer*
Toronto, Ontario.

MILTON QUARRIES LIMITED

PRESIDENT'S REPORT

To the Shareholders of
MILTON QUARRIES LIMITED

We present herewith the report of your Company for the year ended December 31, 1967, together with accompanying financial statements as of that date and the report of the auditors thereon.

Operations at the quarry proceeded throughout the year at approximately the same rate as in 1966. Quarry operations were adversely affected — as were the operations of all our competitors — by the prolonged construction strike in the spring and summer of 1967.

Prices remained firm throughout the year.

After provision for interest payments of $53,161 and depreciation write offs of $162,430, the result was a net profit of $11,689, compared to a net loss of $41,867 in 1966.

During the year, we spent $34,548 on capital account for additions and replacements to present plant and equipment. Production costs remained high, due to increased labor costs and continuing maintenance costs caused by labor turnover.

We are pleased to take this opportunity of expressing our appreciation for the satisfactory manner in which the staff and employees of the Company carried out their work during the past year.

On behalf of the Board,

JOHN D. BRYCE,
President.

March 29, 1968

AUDITORS' REPORT

To the Directors of
MILTON QUARRIES LIMITED.

We have examined the balance sheet of Milton Quarries Limited as at December 31, 1967 and the summary of income and deficit and the statement of source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants.

Toronto, Canada,
February 29, 1968.

MILTON QUARRIES LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet, December 31, 1967

(with comparative figures at December 31, 1966)

ASSETS

	1967	1966
Currents Assets		
Cash	$ 32,979	$ 57,729
Government of Canada bonds, at cost (market value 1967, $3,120; 1966, $3,445)	5,541	5,541
Accounts receivable	382,918	299,486
Inventories of crushed stone and broken rock, at estimated cost	139,372	85,435
Supplies at cost	37,303	29,109
Prepaid expenses	8,928	6,141
	607,041	483,441
Fixed Assets at cost		
Land	209,527	209,527
Buildings, plant and equipment	1,503,933	1,475,082
	1,713,460	1,684,609
Less accumulated depreciation and depletion	1,229,497	1,070,816
	483,963	613,793
Deferred Charges		
Drilling and stripping expenditures	18,496	19,981
Prepaid royalties	35,274	29,995
Special refundable tax	3,227	2,000
	56,997	51,976
	$1,148,001	$1,149,210

LIABILITIES

	1967	1966
Current Liabilities		
Accounts payable and accrued liabilities	$ 96,598	$ 73,649
Note principal payments due within one year	11,175	10,529
Accrued interest on loans	48,132	43,450
	155,905	127,628
Loans payable		
Macassa Gold Mines Limited (parent company)	610,000	640,000
Renabie Mines Limited (affiliated company)	230,000	230,000
	995,905	997,628
Notes Payable		
Payable in monthly instalments of $1,000 principal and interest (6%); final payments due August 30, 1969	18,777	29,306
Less principal payments included in current liabilities	11,175	10,529
	7,602	18,777
Shareholders' Equity		
Capital stock		
Preference shares, 6% non-cumulative redeemable at par		
Authorized — 9,000 shares of $100 each		
Issued — 4,000 shares	400,000	400,000
Common shares		
Authorized — 100,000 shares of no par value		
Issued — 100,000 shares	15,005	15,005
	415,005	415,005
Deduct deficit	270,511	282,200
	144,494	132,805
	$1,148,001	$1,149,210

Approved on behalf of the Board:

JOHN D. BRYCE, Director.

J. C. L. ALLEN, Director.

MILTON QUARRIES LIMITED

SUMMARY OF INCOME AND DEFICIT

YEAR ENDED DECEMBER 31, 1967
(with comparative figures for 1966)

	1967	1966
Income from operations before the undernoted items	$ 174,396	$ 107,815
Deduct		
Depreciation	162,430	149,682
Depletion	277	
	162,707	149,682
Net income (loss) for the year (see note)	11,689	(41,867)
Deficit at beginning of year	282,200	240,333
Deficit at end of year	$ 270,511	$ 282,200

NOTE:

No income taxes are payable as the company intends to claim for tax purposes depreciation written off in the accounts in prior years. The income taxes otherwise payable for 1967 amounted to $2,700.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31, 1967
(with comparative figures for 1966)

	1967	1966
SOURCE OF FUNDS		
Net income (loss) for the year	$ 11,689	$ (41,867)
Depreciation and depletion not requiring cash outlay	162,707	149,682
Funds from operations	174,396	107,815
Loans from parent company		210,000
Notes payable for purchase of equipment		32,000
Sale of fixed assets	1,671	8,100
	176,067	357,915
APPLICATION OF FUNDS		
Purchase of fixed assets	34,548	138,502
Payments on loans — parent company	30,000	30,000
— affiliated company		170,000
Decrease in non-current portion of notes payable (including $2,694 paid in 1966)	11,175	13,223
Other items	5,021	9,381
	80,744	361,106
Increase (decrease) in working capital	95,323	(3,191)
Working capital at beginning of year	355,813	359,004
Working capital at end of year	$ 451,136	$ 355,813

Loans payable to parent and affiliated companies have not been considered as current liabilities in determining working capital.

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